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THE

FIDELITY TRUST COMPANY

EST. 1909

ANNUAL *1969* REPORT

1909 ————— 1969



# FINANCIAL HIGHLIGHTS

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
Total Assets	13,620,480	9,712,772	7,850,467	6,377,884	4,718,384
Gross Income	1,128,471	800,132	585,300	397,518	272,762
Interest paid to Depositors	700,097	469,998	344,136	250,133	139,362
Net Income Prior to Tax	100,706	59,664	41,699	8,168	(41,110)
Income Tax	37,283 *	--	--	--	--
Net Income for Year	63,423	59,664	41,699	8,168	(41,110)
Capital and Reserves	1,119,201	696,736	592,488	516,709	508,541
Earnings per Share	+6¢ **	+8½¢	+6¢	+1½¢	-6¢
Average Number of Employees	33	32	20	17	16
Number of Shareholders at Year End	265	240	175	88	95

\* \$22,853 income tax recovered after allocation of \$43,603 to reserve

\*\* 334,281 additional shares were issued during 1969

## HEAD OFFICE

291 Garry Street,  
Winnipeg 1, Manitoba.

## Departments:

Savings & Chequing

Mortgage & Loan

Estate & Agency

## BRANCHES

River Heights,  
417 Academy Road,  
Winnipeg 9, Manitoba.

North Central,  
1355 Main Street,  
Winnipeg 4, Manitoba.

\*Downtown,  
447 Portage Avenue,  
Winnipeg 1, Manitoba.

291 Garry Street,  
Winnipeg 1, Manitoba.

## Real Estate Division

Residential Sales,  
417 Academy Road,  
Lower Level.

\*Commercial Division,  
700 - 283 Portage Avenue.

\*Opens in March, 1970.

THE FIDELITY TRUST COMPANY  
Inc. A.D. 1909

BOARD OF DIRECTORS

John Stuart McMahon	Winnipeg, Man.
Neil Cameron Walker Wood	St. Andrews, Man.
Andrew Kingsmill Stephens	Winnipeg, Man.
Richard Wilson Smith	Winnipeg, Man.
James Edward Perkins	Winnipeg, Man.
James Sylvester McGoey M.D.	Winnipeg, Man.
Edmund Boyd Osler M.P.	Winnipeg & Ottawa, Ont.
John Klassen	Winnipeg, Man.
Donald Savigney Paterson	Winnipeg, Man.
Harvey Allan McDiarmid	Vancouver, B.C.
Richard Noonan	Toronto, Ontario
Frank Luther Ernst	Winnipeg, Man.
Esther Moscovitch Genser	Winnipeg, Man.
Bruce H. Codville	Winnipeg, Man.
Joseph C. Stangl	Winnipeg, Man.

OFFICERS AND EXECUTIVE COMMITTEE

J. S. McMahon	Chairman of the Board
N. C. W. Wood	President and General Manager
R. W. Smith	Vice President
A. K. Stephens	Vice President
J. E. Perkins, LL.B.	Secretary-Treasurer
E. B. Osler, M.P.	Director Exec. Comm.
F. L. Ernst	Director Exec. Comm.

CHARTERED ACCOUNTANTS

Thorne, Gunn, Helliwell & Christenson

SHARES LISTED

Winnipeg Stock Exchange

MEMBER: CANADA DEPOSIT INSURANCE CORPORATION



#### CHAIRMAN'S REMARKS

This annual report records further satisfactory progress for your Company. During the year a stock offering to shareholders brought our net capital up to over a million dollars. We have expanded our investments and our earnings show a healthy increase.

Growth of this nature can not be made without pressure on our management and staff. We record our appreciation of their efforts and congratulate them on the result.

High interest rates have continued and increased throughout the year and there is little indication of any rapid return to normal. Inflation continues as a national problem. In spite of valiant, if somewhat belated, efforts by our Federal Government to slow the inflationary drives, little real progress will be made until the decision making members of our society become convinced that inflation has not become a permanent way of life.

While trying to stem the tide of inflation with one hand our Minister of Finance offers his white paper with the other. Its philosophy of a greater spending role for government, and the fact that its implementation would encourage Canadians to spend rather than save, does not indicate that the government is prepared to encourage the formation of capital. Credit demands in the next few years are going to require a very high rate of financial savings.

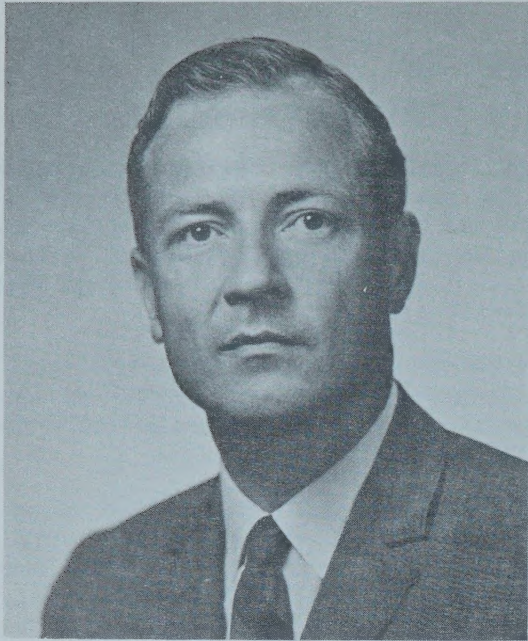
There appear to be some who are discouraged with the future of Manitoba these days. There are, however, many factors that favour our Province. Fortunately our agriculture is well diversified so that a loss of wheat markets, while serious, will not have as great an impact on our total economy as in our sister provinces to the West. Other natural resources are still here in abundance and our forests and mines and tourist attractions will no doubt play continually greater roles in our growth. On balance one must remain optimistic about our future.

Socialist Governments have a way of becoming conservative when faced with the responsibility of power. Perhaps our new Provincial authorities will appreciate the importance of local financial institutions where head office decisions are made for the benefit of Manitobans. One of Western Canada's problems has been the control of capital by the East. Every encouragement should be given to the formation of local pools of capital and their employment for local benefits.

During the year Mr. Rod McIsaac left Winnipeg and retired from your Board of Directors. We wish to thank him for the many services he rendered to your Company.

A large, stylized handwritten signature in dark ink, appearing to read "J. S. McMahon".

J. S. McMahon,  
Chairman of the Board.



PRESIDENT AND GENERAL MANAGER'S  
REPORT TO SHAREHOLDERS

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I have pleasure in presenting the financial statement of your Company for the year ending December 31, 1969.

I will not dwell at length on the operations of your Company over the past 12 months other than to say that the results from all departments were excellent.

In May your Company successfully completed a rights offering and a total of 334,281 new shares were sold from the treasury, thus increasing

the capital by approximately 50%. In June the shares and Share Purchase Warrants were listed for trading on the Winnipeg Stock Exchange.

I would, however, like to explain why these results are so good and what the future holds in store for your Company. At the time of the re-organization in 1963 it was the avowed intention of your Directors to create a strong regional trust company, following to some extent the most successful examples offered by regional banking institutions in the United States. It was felt that a vacuum existed in Manitoba and the priorities for national and extra-provincial financial institutions operating within the Province quite naturally tended to center around their own head offices. Our answer to this has been to provide an uninterrupted record of mortgage funds available for the residents of the Province since 1963, the result being that your Company can now be relied upon for mortgage funds at competitive rates regardless of the shortages in other urban centers where the demand is greater.

I endeavour to make myself available at all times to discuss the needs and problems of our many clients, and your Directors are constantly willing to devote their time and effort where needed. In these days when size and automation take precedence over the human desires of the individual, this personal approach is very much welcomed by our customers and is available because your Company is still small in size when compared to the major financial institutions. In spite of this your management have always given priority to the conservative investment of funds rather than expedience.

None of these factors mentioned add up to immediate cash profits for the shareholders, but rather have created a foundation of the very best kind upon which to build. Profits have been generated by keeping the expenses to a minimum and constantly searching new avenues for income. Now as we start to make real headway in these areas we can build our team of experts and mould the superstructure for the future.

In March of 1970 a new savings branch will be opened at 447 Portage Avenue; the cost of operation of this branch will be shared with our affiliated company, Comcheq Payroll Services Limited. This latter company formed and managed by W. H. Loewen almost 18 months ago, specializes in the preparation of payroll cheques for the large and medium sized companies. Fidelity acts as the depository for the funds received from employers and provides clearing facilities for cheques issued to employees. Presently Comcheq issues in excess of 10,000 payroll cheques per month as well as providing computerized services where required for Fidelity Trust. This association provides a foundation for the banking practices of the future as well as revenue for the present.

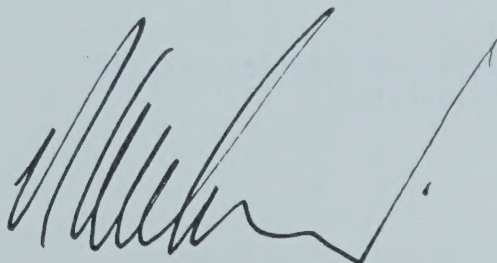
In February of 1970 the General Manager of your Company's Real Estate Division, Mr. V. Samol, opened a second office at 283 Portage Avenue. This office will be staffed by three qualified appraisers and industrial real estate salesmen, and in addition service our rapidly expanding property management division.

Added emphasis will be placed on the fiduciary service aspects of the trust business as the volume of estates under administration continues to increase.

All of these moves are expansionary, however, due consideration has been given to the importance of a continued record of increased earnings. The budgets therefore have been prepared with this in mind.

Federal legislation is now being introduced to allow trust companies to accept deposits to 20 times net capital and surplus; it is hoped that Manitoba Provincial legislation will be amended likewise.

Now that a record of earnings has been established over the past several years, it is anticipated that a dividend policy will be re-introduced in the near future rewarding the shareholders for their patience during these years of re-organization.

A handwritten signature in black ink, appearing to read 'N. C. W. Wood', with a long, sweeping horizontal stroke at the end.

N. C. W. Wood.

BALANCE SHEET -  
(with comparative figures)

ASSETS

	<u>1969</u>	<u>1968</u>
Bonds, at cost		
Canadian and Provincial Government guaranteed	\$ 1,846,367	\$ 1,820,379
Municipal	46,877	47,058
Corporate	779,117	760,243
(quoted market value 1969 - \$2,147,825; 1968 - \$2,302,800)	2,672,361	2,627,680
Accrued interest receivable	37,827	37,381
Stocks, at cost		
(quoted market value 1969 - \$98,850; 1968 - \$26,050)	120,880	28,344
Cash	1,324,740	485,263
Mortgages, including accrued interest	8,820,512	6,418,678
Property held for sale	43,507	
Advances to estates, trusts and agencies	5,177	4,207
Collateral loans	75,678	49,997
Accounts receivable	39,708	22,090
Prepaid expenses and deferred charges	16,893	2,953
Investment in affiliated company (note 1)	15,100	10,100
Mineral rights, at nominal value	1	1
Fixed assets, at cost less accumulated depreciation of \$15,083	448,096	26,078
	<u>\$ 13,620,480</u>	<u>\$ 9,712,772</u>
 Estates, trusts and agencies, assets under administration	 \$ <u>628,996</u>	 \$ <u>363,638</u>

UST COMPANY  
f the Manitoba Legislature)

CEMBER 31, 1969  
at December 31, 1968)

LIABILITIES

	<u>1969</u>	<u>1968</u>
Deposits	\$ 2,311,432	\$ 2,122,814
Investment certificates	10,021,163	6,860,987
Accounts payable and accrued liabilities	29,023	14,266
Mortgages payable	79,575	
Income and other taxes payable	36,421	1,180
Advances from affiliated company	10,666	10,666
Deferred revenue	12,999	6,123
Special mortgage reserve	43,603	
Capital stock (note 2)	1,045,746	711,465
Contributed surplus	12,882	10,974
Retained earnings (deficit)	<u>16,970</u>	<u>(25,703)</u>

\$ 13,620,480    \$ 9,712,772

LONG-TERM LEASES (note 3)

Approved by the Board

A.K. Stephens

DIRECTOR

F.L. Ernst

DIRECTOR

THE FIDELITY TRUST COMPANY  
STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Revenue		
Interest earned	\$ 936,619	\$ 660,318
Real Estate Department	120,327	108,322
Sundry	71,525	31,492
	<u>1,128,471</u>	<u>800,132</u>
Expenses		
Interest on deposits and investment certificates	700,097	469,998
Salaries and employee benefits	86,100	76,487
Administration	27,984	24,733
Branch Offices	14,925	17,714
Real Estate Department	101,113	95,398
Advertising	6,045	6,551
Depreciation	8,271	4,770
Directors' remuneration *	22,742	22,615
Sundry	60,488	22,202
	<u>1,027,765</u>	<u>740,468</u>
Income before income taxes	100,706	59,664
Income taxes	<u>37,283</u>	<u>          </u>
NET INCOME FOR THE YEAR	<u>63,423</u>	<u>59,664</u>
Appropriation to special mortgage reserve	43,603	
Less reduction of income taxes applicable thereto	22,853	
	<u>20,750</u>	
BALANCE TRANSFERRED TO RETAINED EARNINGS	42,673	59,664
DEFICIT AT BEGINNING OF YEAR	<u>25,703</u>	<u>85,367</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	<u>\$ 16,970</u>	<u>\$ (25,703)</u>

\* This represents directors who are also employees, only.

THE FIDELITY TRUST COMPANY  
STATEMENT OF CONTRIBUTED SURPLUS  
YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Balance at beginning of year	\$ 10,974	\$ 3,600
Add premium on shares issued	2,173	9,042
	<u>13,147</u>	<u>12,642</u>
Deduct share issue expenses	265	1,668
BALANCE AT END OF YEAR	\$ <u>12,882</u>	\$ <u>10,974</u>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1969

1. INVESTMENT IN AFFILIATED COMPANY

The company owns 5,100 shares of Comcheq Services Ltd. This investment is carried at cost and income is reflected in the accounts only to the extent of dividends received. Advances to Comcheq Services Ltd. amount to \$10,000 (\$5,000 at December 31, 1968).

2. CAPITAL STOCK

Under Bill 39 passed by the Manitoba Legislature and assented to May 22, 1969, the authorized capital stock of the company was changed to 2,000,000 shares, par value \$1.00 per share, one vote per share. The previously issued class A and class B common shares were converted to new shares on a share for share basis.

During the year the directors approved an offering under which the shareholders could, for each share held, purchase for \$1.00

(a) one share, and

(b) one share purchase warrant exercisable to March 31, 1974 at \$1.25.

At December 31, 1969 326,019 warrants are outstanding and the required shares reserved.

During the year 334,281 shares were issued for cash as follows:

Under the offering to the shareholders	326,019 shares
Other	8,262 shares
Total	<u>334,281 shares</u>

3. LONG-TERM LEASES

The company rents premises under long-term leases. The annual rentals under these leases, exclusive of taxes, utilities and other occupancy expenses are as follows:

1970	\$ 18,390
1971 to 1973	17,040
1974	10,000
1975	450

This view of Winnipeg taken in 1909 must have seemed awe inspiring to the pioneers of 40 years earlier, and certainly justified the establishment of The Fidelity Trust Company by such farsighted business and professional leaders as D. R. Dingwall, Charles M. Simpson, W. L. Parrish, Norman Heimbecker and William Hull, to name just a few of our founders.



So it is today that we take pride in having played a part in the development of this great City of Winnipeg, and pay tribute to the pioneers of yesterday as we look forward to the even greater future.



AUDITORS' REPORT

To the Shareholders of  
The Fidelity Trust Company

We have examined the balance sheet of The Fidelity Trust Company as at December 31, 1969 and the statements of income and retained earnings and contributed surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations for the year then ended, on a basis consistent with that of the preceding year.

*Thorne, Gunn, Helliwell & Christenson*

Winnipeg, Canada  
January 31, 1970

Chartered Accountants



